

Occasion Based Promotional Strategies of Consumer Durable Segment in Kerala

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Abstract

Occasion Based Marketing is an approach to connect when and why consumers use the product with how they shop for the product. Companies need to realize that their customers are not only different from each other, but are also different from themselves at different times. People have different needs when they are at work and when they are at home or socializing. They act differently during holiday seasons and at regular days. Kerala is highly developed market for consumer products. National as well as International brands have been trying to have a fair share of this market. The study is focused mainly on the promotional strategies of consumer durable companies and retailers during festival season. The high frequency of promotional campaigns by entire consumer durable companies and retailers during festival seasons clearly shows the importance of Occasion Based Marketing in Kerala market. The results of this study would mean that the consumer durable companies and retailers are adapting various promotional strategies to attract deal prone, promotion liking customers.

Keywords

Occasion Based Marketing, Consumer Durables, Sales Promotions, Advertising,

Introduction

Consumers are bombarded with messages pitched through a growing number of channels: broadcast and narrow cast television, radio, on-line computer networks, the internet, telephone services such as fax and telemarketing, and niche magazines and other print media (Regis McKenna, 1995). Also consumers vary on many dimensions and often can be grouped according to one or more characteristics. A keen understanding of consumer behavior and careful strategic thinking is required to create value for customers and build strong customer relationships in order to capture value from customers. Many marketers believe that behavioral variables – occasions, benefits, user status, usage rate, loyalty status, buyer readiness stage, and attitude- are the best starting points for constructing market segments (Philip Kotler, Keller, Koshy and Jha, 2007). Buyers can be distinguished according to the occasions they develop a need, purchase a product or use a product (Philip Kotler, 2002). Occasion based segmentation, assumes that an individual may have differing motivations for selecting a product to be used under differing circumstances."That is not to deny the presence of some stable personal needs that may apply across situations" (Albert Goldman, 1979). According to

Philip Kotler (2007) the marketer does not create the segments; the marketer's task is to identify the segments and decide which one(s) to target. Segment marketing offers key benefits over mass marketing. The company can presumably better design, price, disclose, and deliver the product or service to the target market. The company also can fine tune the marketing program and activities to better reflect competitor's marketing (Philip Kotler, Keller, Koshy and Jha, 2007). Occasion Based Marketing is an approach to connect when and why consumers use the product with how they shop for the product.

Consumer Durable Industry and Occasion Based Marketing

According to Sontaki (1999), Indian Consumer Durable sector has been witnessing significant growth in recent years, helped by several drivers such as retail boom, real estate, and housing demand, greater disposable income and an overall increase in the level of affluence of a significant section of population. Apart from steady income gains, consumer financing and hire purchase schemes have become a major driver in the consumer durable industry. In the case of more expensive consumer durable goods, such as refrigerators, washing machines, LCD TVs and personal computers, retailers are joining forces with banks and finance companies to market their goods more aggressively. Indian consumer durable industry can be broadly segmented into three key groups:- 1) White Goods: Washing Machines, Air conditioners, Speakers and Audio equipment, etc. 2) Kitchen Appliances or Brown Goods: Mixers, Grinders, Microwave ovens, Fans etc. 3) Consumer Electronics: Mobile Phones, Televisions, DVD players, VCD players etc (Sontaki, 1999).

India as a land of festivals and events, marketers identified the tremendous opportunity of Occasion Based Marketing long back itself. Most of the industries and sectors have their own special occasion strategies to capitalize this vast marketing potential. Festivals are happy occasions and customers are highly receptive to the promotions along with the high rate of conversions to sale during special occasions. The annual calendar of Kerala is filled with various festivals, fairs, temple festivals, feasts, etc. Almost all people irrespective of cast and religion celebrate all the festivals with equal importance. National as well as International brands have been trying to have a fair share of this market. The state of Kerala has the highest per capita income in the country with insignificant slum population and greater educational levels. Kerala is highly developed market for consumer products. Kerala market is quite unique in several respects compared to other states. Some of the prevailing assumptions are that conspicuous consumption is relatively high in Kerala, purchasing power of average house hold is comparatively more, rural urban differences are less pronounced and the whole state is an extended urban market². Hence it is highly important for Consumer durable Industry to adopt latest marketing strategies, for survival and growth. But the fact that industry spends billions of rupees on promotions and many marketing campaigns do not reach prospective buyers when they are most receptive to buying. This is why Occasion Based Marketing strategies are a must-have for companies especially for companies which are looking into maximizing their customer value, merging these two concepts into a powerful tool.

- 1) Kerala's per capita income is one of the highest in the country. From 1999-2000 to the fiscal year 2004-05, it has grown at a level of \$618.9 from \$416.3 which is even higher than the average per capita of the entire country which stood at \$514.2 in 2004-05. The percentage of population in Kerala below the poverty line was 3.6 in 2004-05, as compared to the all-India percentage of 19.34
- 2) Social Stratification and Consumer Behavior in Kerala-A Study with special reference to Consumer Durables.

As any other sector, consumer durable industry is also an active player and practitioner of Occasion Based Marketing on festival seasons. Out of the four major marketing mix elements, Product, Price, Place, and Promotion, the present study is limited to some specified areas of the last element, promotion i.e., the promotional strategies of consumer durable industry in Kerala market.

In this research I confine myself to print based advertisements by retailers and manufacturers released in, Malayala Manorama, Mathrubhoomi, and The Hindu, the three leading news papers in Kerala. A first step towards researching different Occasion Based Promotions is identification of the range of different promotions launched in the market place. The present paper provides an empirical view of the variety print advertisements of launched in the Kerala market by Consumer Durable Industry for the last one year, January 2011 to Dec 2011. It further reports the incidence of the different promotions in Consumer Durables by retailers and manufactures and details about each type of promotion are noted in order to highlight the different incentives offered by each type of promotion. Some specific questions that arise here include the following:

- Of the print based advertisements, what is the breakdown between manufacturer and retailer advertisements?
- What is the frequency of advertisements released by retailers and manufacturers of consumer durables through news papers during a specific time period?
- Out of non personal promotional mix elements used by consumer durable industry in Kerala, what is the break down between the promotional mix elements.

With this study, my sincere attempt is to throw more light on the above questions so to gain better understanding of the phenomenon of occasion based promotional strategies of consumer durable industry in Kerala. There have been very few discussions in occasion based marketing strategies so far. From a theoretical standpoint, this study would help to lay out a research agenda for the future.

Review Of Literature

There have been very few discussions in promotion mix literature about Occasion Based Promotion strategies. The promotion mix concept refers to the combination and types of promotional effort the firm puts forth during a specified time period. In developing the product strategy, marketers strive for the right mix of promotional elements to make sure that their product is well received. One of the primary goals of a customer promotion is to entice the customer to take the final step and make a purchase; Advertising creates the interest and excitement that brings the consumer into the store. Marketers then use other tactics in conjunction with advertising programs. In addition to leading to the final decision to buy an item, consumer promotions programs can be highly effective in bringing traffic into a store and generating brand loyalty.

Marketing managers and advertising agencies have realized that to make their communication programs effective, they have to rely on sales promotions, public relations, personal selling, and direct marketing, in addition to conventional advertising campaigns. In today's markets it is no longer a choice between advertising *or* promotion; rather, it is a combination of advertising *and* promotion (Roberto and Roberto, 2005). Research has shown that advertising is most effective when used along with sales promotion, and sales promotions are more effective when communicated well through advertising so as to increase awareness of the promotional offers (Joseph and Sivakumaran, 2008; Roberto and Roberto, 2005). It has to be remembered that retailers are not alone in advertising to consumers; in fact, the vast majority of expenditure on advertising to customers is undertaken by manufactures, not retailers (Sajal Gupta and Gurpreet Randhawa, 2008). In consumer durable industry also the pattern remains same.

The goal of advertising is to influence people's behavior and to persuade them to behave in a particular way (often to purchase a particular product) (Joshy Joseph and Bharadhwaj Sivakumaran, 2011). Petty and Cacioppo (1983), have reviewed the various approaches to persuasion, and consolidated them into two distinct routes of attitude change—the central route and the peripheral route. The central route views attitude change as resulting from a diligent consideration of information that is central to what people feel are the true merits of the advocacy. On the other hand, in the peripheral route, attitudes change because the attitude object has been associated with either positive or negative cues, or the person uses a simple decision rule to evaluate a communication (Petty and Cacioppo, 1983). According to Joshy Joseph and Bharadhwaj Sivakumaran (2011), utilitarian promotions project the utilitarian aspects of the offer, prompting the customer to think mainly of the economic benefits of buying the product immediately. It may not intend to elicit any soft feelings from the customers toward the product or brand. Promoters would want the customers to think and cognitively process the information about the promotion and to make a rational decision. Customers would consider the benefits of the offer and may compare them with that of buying other brands. Some customers may even feel that they become smart shoppers by utilizing an offer through which they get extra value. To drive these points effectively, while publicizing utilitarian promotions, marketers are likely to use more logic and reason in their ads than emotions and product endorsements. They would try to make the information processing in the

customers' minds through the central route of persuasion rather than the peripheral route by using more message arguments in the ads (Joshy Joseph and Bharadhwaj Sivakumaran, 2011).

Method

Content analysis of print-based advertisements, have been used as the means to find answers to these questions. Content analysis is a standard methodology used for studying the content of communication. It is the study of recorded human communications, such as books, Web sites, paintings, and laws (Babbie, 2006). In advertising, content analysis is used to study what advertisements are and not what they do (Kover, 2001). This method has been widely used in marketing research for analyzing the content of advertisements—both print and television (Belkaoui and Belkaoui, 1976; Bush, Solomon, and Hair, 1977; Madden, Caballero, and Matsukubo, 1986; Maynard and Taylor, 1999; Naccarato and Neuendorf, 1998; Stern, Krugman, and Resnik, 1981; Wang and Chan, 2001). One notable advantage of content analysis is that it can be carried out retrospectively, thus providing the researcher a rich database of ads to analyze. There is very little research using content analysis of promotional advertising, in India or in Western countries. Pucci and Seigel (1999) studied the extent of various sales-promotion techniques for cigarette advertisements and the exposure of youth in the United States to them by content analysis of promotional advertisements. In India, researchers like Ahmed (1996); Kureshi and Vyas (2003); Jha-Dang and Koshy (2004); and Joshy Joseph and Bharadhwaj Sivakumaran (2011); have performed content analysis of advertisements.

Print advertisements of both manufacturers and retailers of consumer durable industry released through three leading news papers were content analyzed starting from January 2011 to December 2011. The advertisements were sourced from the Ernakulam editions of Malayala Manorama, Mathrubhoomi and The Hindu. The first two are the leading news papers in local language and the last one is one of the leading English news papers in Kerala. Totally 433 print ads released in the above mentioned news papers across the year 2011 were analyzed. The analysis pool contained 15 ads for January , 10 ads for February, 8 ads for March, 7 ads for April, 13 ads for May, 7 ads for June, 50 ads for July, 212 ads for August, 57 ads for September, 12 ads for October, 8 ads for November and 34 ads for December 2011. The distribution of Print based ads of consumer durables across the year 2011, is shown in Table 1.

The distribution of Print based ads of consumer durables across the year 2011

Table 1

Months	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec
Total Ads	15	10	8	7	13	7	50	212	57	12	8	34

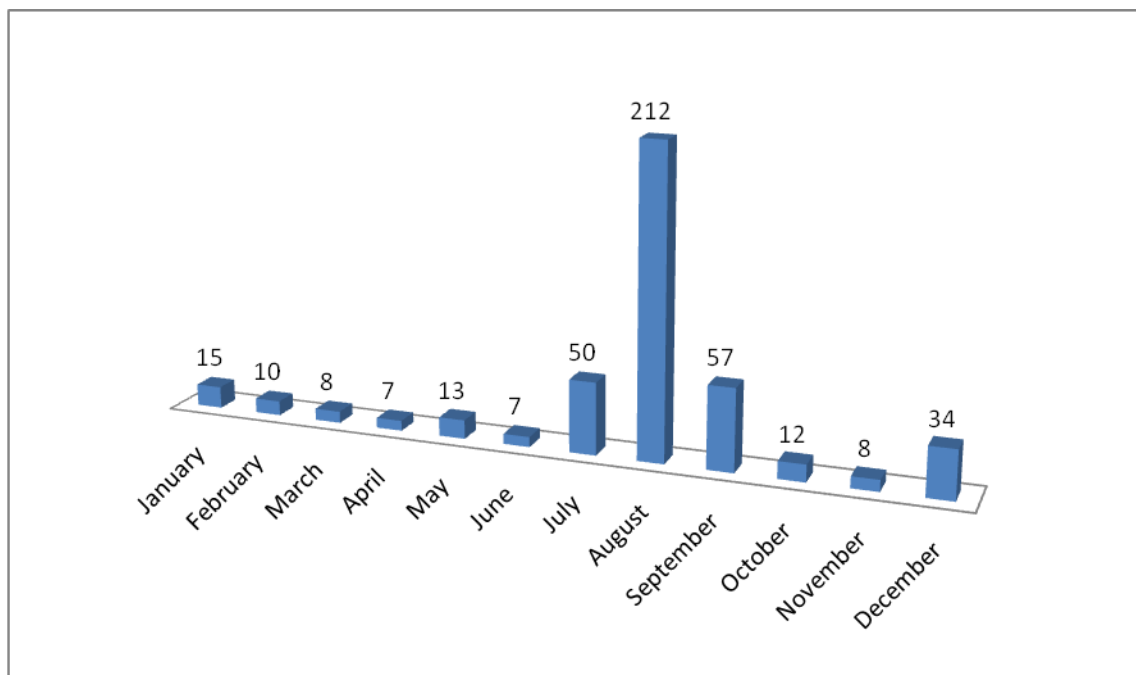
A classification table was developed for the purpose of the content analysis Firstly, basic details on month, Promotion category and advertiser name was noted for each promotional advertisement. Following this, the type of promotion was recorded.

Results

- **The frequency of Print based advertisements of consumer durables across different months in the year 2011**

It is highly imperative to note the frequency of the print based ads of consumer durables across the year 2011. The frequency of print based promotions across different months in the year 2011, is shown in Figure 1.

Figure 1



It is noted that maximum advertisements are launched in the month of August and then September and July. It is quite obvious that the sharp increase in advertisements is due to the occasion based promotions of consumer durable industry during “ONAM” season. The promotion campaign started in July, i.e. one month ahead of Onam and ends in September one month after Onam. The next highest number of advertisements is launched in the month of December and then January. It is due to Christmas and new year promotions of the industry. The next highest is in the month of May and it is due to Akshya Thiritheeya (Appendix 3). Finally October also witnessed a slight increase in advertisements due to the end of the season stock clearance sale done by consumer durable industry.

- **The Frequency of print based advertisements released in news papers across manufacturer and retailer of consumer durable in Kerala**

It was started by making a frequency count of all the ads (table 1) to find out the number of Retailer and manufacturer ads news papers. The observed ad count for retailers ads (Appendix 1) count was 260 (60%) higher that of manufactures ads (Appendix 2) which was 173(40%) is shown in table 2

Table 2

	Number	%
Manufacturer	173	40%
Retailer	260	60%
Total	433	

Retailers have more geographically concentrated target markets than manufacturers. This means they can adapt better to the local needs, habits, and preferences (Barry Berman & Joel R. Evans, 2008). Retail advertising tends to focus on short term and is used to publicize promotions and store initiatives (such as sales) designed to generate immediate sales (Sajal Gupta & Gurpreet Randhawa, 2008) . Retailers adopt an aggressive promotional strategy which is adequately supported by the manufacturers during occasions.

The frequency of advertisements released in print based media by Retailers of Consumer Durables in Kerala during 2011

It was noted in the table 2 that the total number of advertisements released by retailers was more than the manufacturers. From the below table 3 it is evident that bigger retail chains in consumer durable segment leads promotional campaigns through print media.

Table 3

	Name of the Retailer	#	%
1	Nandilathu G Mart	70	27%
2	Bismi	62	24%
3	Pittappallil	43	17%
4	Fridge House	35	13%
5	QRS	22	8%
6	Green Consumer Appliances	10	4%
7	Lanmark	10	4%
8	Next	8	3%
	Total	260	

As usual, retailers are tend to use local media like news papers to reach the target customers, as most people tend to shop at stores near their homes and work places. As an occasion based promotion strategy, the retailers have increased the frequency of advertisements to the maximum possible limit. Bigger retail chains like Nandilathu G mart and Bismi are the leading advertisers in the print media.

The frequency of advertisements released in print based media by Manufacturers of Consumer Durables during festivals.

It was noted in the table 2 that the total number of advertisements released by manufacturers was less than the retailers. From the below table 4 it is clear that International brands like Samsung, Sony, Panasonic and LG have a clear promotion strategy during festival seasons in consumer durable segment leads promotional campaigns through print media.

Table 4

	Manufacturers	#	%
1	Samsung	32	19%
2	Sony	30	17%
3	Panasonic	28	16%
4	LG	15	9%
5	Onida	12	7%
6	Sharp	14	8%
7	IFB	12	7%
8	Sansui	5	3%
9	Toshiba	12	7%
10	Philips	2	1%
11	Haier	6	3%
12	Kelvinator	2	1%
13	Siemens	3	2%
		173	

The frequency of different Sales promotion mix elements across Retailers and manufacturers of consumer durables

One of the Occasion based promotional strategies of consumer durable segment in Kerala, is the offer of packages of different types of sales promotion offers. Table 5 shows that, the most popular promotion is the free gift promotion. The next is price off and other (Easy finance options) which are followed by Contests and Sweepstakes.

Table 5

Promotion Mix	Retailers (R) (Rank)	Manufacturers(M) (Rank)	R&M (Rank)
Contests	4	6	3
Sweepstakes	6	2	3
Lucky Draw	4	--	4
Free Gifts	2	1	1
Coupons	6	--	6
Exchange Offer	5	6	4
Product Warranties	6	4	5
Price Off	1	5	2
Combo offer	6	4	5
Other (Easy Finance)	3	3	2

Details about different types of Sales Promotion offers

The details about the most popular sales promotions among consumer durable during festival season- free gifts, price offs, contests, sweepstakes, exchange offers- are discussed in the following section.

1. Free Gift offer

This is the most popular promotion in the consumer durable products category. It offers an incentive to purchase in the form of a free product/service. For example customers are offered gifts like gold coins during Akshaya Thriteeya, consumer is offered free products such as Digital Camera with TV. The major free gifts offered are:

- a free Iron box with a refrigerator
- free mixers and digital cameras with high end TV sets
- free Dothi and sarees (Onakkodi) with almost all purchases
- free stabilizers with AC etc.

Most of the free gift offers have a pre commitment of size or value of purchase from the consumer. The consumer has to make a certain value of purchase before he is entitled to the free gift. Often, there are smaller gifts associated with purchase of smaller items and larger gifts associated with purchase of costlier and bigger items. In most cases, the price of the free gift is not mentioned.

2. Discount/ Price off

This is one of the most widely used promotions by consumer durable retailers during festival season. A price deal for a customer means a reduction in the price of the promoted product and the consumer saves money on purchase. Almost all retailers adopted price off promotions as a strategy during festivals. But it is noticeable that the manufacturers are not offering much price offs as it could affect adversely the brand equity. However retailers adopted price offs as one of their major festival marketing strategy.

3. Sweepstake offer

Another very important sales promotion tool used by consumer durable segment in Kerala as a festival strategy is Sweepstake offer. It is all about giving the consumer a chance to win a big prize through luck. It usually involves a lucky draw or a scratch card based on which the winners are decided. For example during Onam festival, IFB and Panasonic offered Scratch and Win offers, Nandilathu G Mart, the consumer durable retail chain offered 'Happy Home offer'- Studio apartments at Guruvayoor, Another retailer Bismi offered "Ara thurakkoo Nidhi Nedu" (Open the box and win a treasure), Retail chain Pittaappallil Home Appliances offered 'Lucky '9' offer', QRS another retailer offered 'Blow Whistle and Win Prizes' etc. Most of the prizes are durable products such as Bike, Car, Watch, Washing Machine, Television, Refrigerator, DVD, Mobile Phone, Cordless phone, PC, Microwave, Camera, Sunglasses, Gold Jewellery, Gold Coin. In some cases, the details of the prizes on the sweepstake promotion are not specified and are stated as 'prizes worth Rs. 2 crores,' etc.

4. Exchange Offer

Another promotion element which is widely used during the festival season in the consumer durable product category is exchange offer. This promotion requires the consumer to exchange an old product for a new one and get some benefit, usually a price reduction. For example. For pressure cooker, the scheme offers a price reduction of 40% on exchanging an old cooker for a new cooker. In case of household durables, the scheme usually requires the consumer to exchange an old model of a product (e.g. AC, refrigerator, music system, mixer grinder, gas stove) to get a price reduction on the new model. Apart from exchanging an old durable goods, the scheme also involves exchanging a small TV for a big TV. Most exchange schemes provide an incentive to purchase in the form of a price reduction. One exchange scheme involved returning an old washing machine for a new one and getting an electric iron as gift.

The purpose of the exchange scheme appears to be upgrade existing users of durable products to newer and larger sized models of a product.

5. Combo offer

Combo offer is also one of the most widely used promotional strategies during festival season in Kerala market. This type of promotion requires a consumer to buy two or more products to avail of the promotional advantage. The promotional benefit is usually in the form of money saved as a result of buying two or more products at the same time. Consumer durable segment, this scheme attempts to induce the consumer to buy greater number of products from the same company. For example Sony offered a scheme which requires the consumer to buy Bravia TV and a Home Theater to avail Rs. 4000/- discount, Haier offered discounts for combination purchases like AC and Water heater, refrigerator and microwave, etc of their brand and to avail a price reduction.

Conclusion

Broadly, it was found that retailer promotions are used more than manufacturer promotions in the print advertisements announcing promotional offers in the market during festival seasons. In a study published in *The Economic Times*, a leading business newspaper in India, it was reported that price-off promotions work better than many other forms of promotions (Bhatt2006); our findings are thus consistent with this report. As consumer durable promotions in print media in Kerala is mainly revolving around the occasion based promotional strategies during Onam festival. Sales promotions have become increasingly important over the years. One of the reasons cited by managers for the increased usage of sales promotions is the increased promotional sensitivity of customers (Belch and Belch, 2004). For Occasion Based marketing strategies also the main ingredient is undoubtedly, the Sales Promotion.

This study has some limitations, too. This study is progressing through content analysis of promotional ads that appeared in newspapers from limited editions. It has been seen that in India, print ads represent only 25.47% of the promotional budgets, whereas television ads account for 44.31% (Indian Media Market 2007). Hence, I have not considered the ads that were released in media other than newspapers (especially TV) and the offers that are not publicized through mass media (like some in-store promotions that are done without advertisement support). Also the size and color of the advertisement, types of promotions and its differential impact has not taken into consideration for this study.

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